



## **Berkshire Biodiesel Testimony Before the Massachusetts Advanced Biofuels Task Force**

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Submitted by:  
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Good afternoon. My name is Lee Harrison. I'm executive vice president of Berkshire Biodiesel. We are building the first commercial-scale biodiesel production facility in the Northeast in Pittsfield. This \$65-million-dollar, 50-million-gallon-per-year facility will be the first plant in the country designed to use any feedstock:

- ☐ Tallow
- ☐ Waste vegetable oils (yellow grease)
- ☐ Virgin vegetable oils (soybean oil, crambe, etc.)

And we are working with local farmers to encourage them to grow feedstock crops. We believe renewable fuels production should be as local as possible not only to lower costs and emissions but also to increase jobs and investment in the Commonwealth.

Our plant will supply three principal markets:

- ☐ Vehicles
- ☐ Home heating oil
- ☐ Power generation

I want to thank the Governor and the Legislature for creating the Biofuels Task Force and for holding numerous hearing around the state. Important issues have been discussed, and the draft findings that were issued just recently ensure that Massachusetts will be a leader in renewable energy in the 21<sup>st</sup> Century.

We do have a few suggestions for improving those recommendations, but first I would like to comment on concerns over the proposed biodiesel mandates expressed by two environmental groups this past Tuesday.

1. While we join the environmental groups in enthusiastically supporting a Low Carbon Fuel Standard, we all know that such a standard is years away. Indeed, after five years REGGI has not been codified into law. But we can't wait another five years until we have a generally accepted LCFS to begin:
  - ☐ Reducing GHG emissions
  - ☐ Improving public health by reducing toxic emissions
  - ☐ Reducing the transfer of huge sums of our money to OPEC
  - ☐ Enhancing national security, and last but not least
  - ☐ Creating new jobs and investment in Massachusetts
2. We have to act now. And biodiesel is the only biofuel ready for prime time.
3. Indeed, the Renewable Fuels Standard, which was recently expanded under the federal Energy Act of 2007, includes a requirement that biodiesel used in the program must reduce greenhouse gas emissions by 50% compared to petroleum diesel. Based on EPA/DOE/USDA studies, biodiesel already meets that

requirement. (Note: we recommend that state law reference the federal law in this regard. This will avoid confusion in the marketplace and the increased costs that could result.)

4. But even with the federal RFS, MA policymakers must pass the state biodiesel mandate to guarantee the creation of a local market that will:
  - ☐ Jumpstart a local biodiesel industry that will generate a substantial number of jobs and considerable investment in the Commonwealth. Local producers should have a cost advantage over out-of-state and foreign producers, and a local industry will have a significant halo effect, spurring other industrial development.
  - ☐ Put all fuel dealers in Massachusetts on the same footing and allow everyone to benefit from reduced GHG and toxic emissions.
  - ☐ Justify the financing, design, permitting, and construction of the infrastructure necessary to produce and distribute biodiesel, all of which takes years to accomplish. As a businessman, I can tell you with certainty that any delay in establishing the mandates will push the timeline for local infrastructure development out further, perhaps jeopardizing it altogether, and will increase petroleum consumption and GHG emissions in the interim.

So, in sum, we view the biodiesel mandates as critical, and we recommend they be implemented without a sunset provision. We suggest that the Dept. of Energy Resources be directed to review them at such time as the LCFS is available to see if their continuation is warranted.

## Task Force Recommendations

**Overall, the Task Force recommendations are indeed positive**, but they seem tentative and could advocate biofuels, especially biodiesel, in a much more effective way. Words do matter, and words such as “consider” and “subject to” tend to weaken the recommendations.

Accordingly, Berkshire Biodiesel’s suggestions the following changes:

### Line 221: Draft recommendations from the Task Force:

- C. ~~Subject to state budget constraints and to the lifecycle environmental and greenhouse gas criteria in Chapter 2, consider the use of~~ Use production tax credits, forestry and agricultural feedstock tax credits and other tax incentives targeted at growing advanced biofuels production and commercialization, in those cases where analysis shows that projected benefits exceed costs.

[Note: 30 states use some kind of production incentives. Direct payments are best for new companies that do not have the revenues to take advantage of tax credits. If tax credits are the only means of incentivizing in-state production, then they must be transferable, so that startups can take advantage of them.]

## Chapter 6 – Grants, Loans, and Tax Incentives

### Line 223

- A. Exempt cellulosic and other advanced biofuels, including biodiesel, as defined in federal energy legislation from the state's gasoline tax, with a sunset date. An excise tax exemption will encourage fuel distributors to purchase cellulosic ethanol when available, and reduce the risk of investments in cellulosic ethanol companies.

[Note: Why is cellulosic ethanol given special treatment? All advanced biofuels, including biodiesel, as defined in federal energy legislation should be encouraged, and treated equally.]

### Line 92: Draft recommendations from the Task Force:

- A. ~~Conduct Fund~~ additional research and development on the use of crop agriculture (including ~~cranbe~~crambe), forestry, and forest/agricultural waste (e.g., from cranberry production) and algae as feedstocks for advanced biofuels production. This analysis should include infrastructure and development needs, potential environmental and economic impacts of such development and commercialization, and possible changes to our resource base due to climate change.

[Note: By all means, the state should support, i.e., research. Let's say so in a positive way in the report.]

**Line 148: D. While a Low Carbon Fuel Standard (LCFS) for Massachusetts is under** development, implement ~~transitional, carefully~~ targeted mandates, such as requirements for minimum percentages of biodiesel in motor and heating fuel. Mandates should require that the fuels yield substantial lifecycle greenhouse gas reductions, ~~and should be limited, such as by being tied to in-state production of the feedstocks and by having a transition provision as a LCFS comes into existence.~~ Mandates should be as flexible and technology neutral as possible, such as by including all appropriate bio-based fuels that can substitute for petroleum diesel. Use of a trading system for meeting the requirements should be considered, although the regulatory complexities that this would add must be weighed carefully. When a LCFS comes into existence, the Dept. of Energy Resources would then review the mandates to see if they should be continued.

[Note: Investors need some level of certainty if the advanced biofuels industry is going to grow here in Massachusetts. Saying that mandates will evaporate in two, three, or four years does just the opposite. Who knows what the numbers will be in any LCFS? Why not leave the door open so that DOER can review the situation when we do have a LCFS? Maybe mandates are working fine and within the standard. Maybe not. But that decision should be left to those who have the necessary information at the time the LCFS is in place.]

## RECOMMENDATIONS FOR LEGISLATIVE ACTION

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*"One thing is sure. We have to do something.... If it doesn't turn out right, we can modify it as we go along. But by all means, try something."*

**– Franklin Roosevelt**

As policymakers, the State Legislature, and we, as business people, must act prudently on the information we have. We must avoid analysis paralysis. Doing nothing amounts to losing ground, and the stakes are way too high.

Accordingly, Berkshire Biodiesel offers the following recommendations to encourage actions that most reasonable people agree will lower GHG and toxic emissions, improve health, improve local and statewide economies, reduce the consumption of imported oil, and as a result improve national security.

1. Pass the 2% biodiesel blending requirements with triggers to allow time to build biodiesel production and distribution infrastructure.
2. Harness statewide R&D capabilities to develop new sustainable feedstocks such as crambe, castor, etc. ("As for crambe on marginal land, probably a winner if inputs are low, but no one has done the modeling. Waste oils are clearly a winner, I cannot see how that could be argued with." NREL Researcher)
3. Incentivize use of yellow grease (waste restaurant oil), tallow (animal fats), and algae, but also:
4. Incentivize local farmers to grow feedstock crops on marginal lands (land with low carbon content) with low-impact farming techniques.
5. Incentivize in-state biodiesel production (see Connecticut and Maryland incentives) to capture jobs and investment. Let's not import all our biodiesel.
6. Make tax credits transferable (see Oregon law). New companies do NOT have profits to fully benefit from tax credits.
7. Expand net metering to include biodiesel. This will allow construction of cogeneration and combined heat and power (CHP) systems at local institutions such as colleges, hospitals, and shopping centers.
8. Allow renewable distributed generators to sell power to adjacent properties and across a public way if the property is owned by the same party.